Council File # 02-690

Green Sheet # 200691

RESOLUTION
CITY OF SAINT PAUL, MINNESOTA

Presented By _____

Referred To _____ Committee: Date _____

WHEREAS, MediaOne of St. Paul, Inc. ("Grantee") holds a franchise to provide cable service in the City, which was issued on May 27, 1998 and effective July 31, 1998, (the "Franchise"), which Franchise is subject to Chapter 430 of the St. Paul Legislative Code ("Ordinance"); and

WHEREAS, AT & T Corp. ("AT&T") is the ultimate parent of Grantee; and

WHEREAS, AT&T and Comcast Corporation ("Comcast") have agreed to a merger pursuant to an Agreement and Plan of Merger dated December 19, 2001; and

WHEREAS, AT & T Broadband, a newly formed, wholly-owned subsidiary of AT&T Corp., will obtain control of all of the cable systems owned or controlled by AT&T Corp, and will then merge with Comcast, with AT&T Comcast Corporation ("AT&T Comcast") as the surviving ultimate parent corporation (the Merger"); and, as a result of the Merger, AT&T Broadband with its subsidiaries, will become a wholly-owned subsidiary of AT&T Comcast; and

WHEREAS, Grantee, directly or by its predecessors; is party to certain other agreements which bear on its operations in City, including a Transfer Agreement, dated April 15, 1998, ("1998 Transfer Agreement") by and between the City, Continental Cablevision of St. Paul, Inc., MediaOne of Delaware, Inc., and US West, Inc.; the Corrective Plan Agreement and Corrective Plan, dated December 22, 1997 as amended by the Franchise Documents; and a Transfer Agreement, dated January 12, 2000 ("January 12, 2000 Transfer Agreement") by and between the City, Grantee, Mediaone of Delaware, Inc., Mediaone Group, Inc., Meteor Acquisition, Inc., and AT&T Corp. ("AT&T") (collectively the Ordinance, the Franchise, and all documents incorporated, attached to or referenced therein, and including the 1998 Transfer Agreement, the Corrective Plan Agreement and Corrective Plan, and the January 12, 2000 Transfer Agreement are referred to as the "Franchise Documents"); and

WHEREAS, Meteor Acquisition, Inc., agreed to be the guarantor of Grantee's obligations and has changed its legal name to MediaOne and MediaOne is now the guarantor under the Franchise Documents, and otherwise remains subject to all the conditions to which Meteor Acquisition agreed under the Franchise Documents.; and

WHEREAS, on or about March 6, 2002, AT&T, AT&T Comcast and the Grantee requested that the City approve the application for change of control of the Franchise from AT&T to AT&T Comcast (the Application") by submitting an FCC Form 394 to the City; and

WHEREAS, in the draft Consent Resolution attached to the Form 394, the City's consent is sought not

only for the Merger, but also for potentially numerous other internal ownership transfers as well as the corporate structure of the Grantee, described in said documents as the "Transactions"; and

WHEREAS, Grantee, Media One, AT&T Broadband and AT&T Comcast (collectively, the "Companies") have agreed to certain conditions to ensure that approval of the Merger does not have any adverse effects on the City or subscribers;

WHEREAS, the City has determined that, under the circumstances of this case, the Merger should be approved if, but only if the Companies make enforceable representations and warranties and agree to the conditions set forth herein;

WHEREAS, an Agreement with the Companies dated July 24, 2002 contains other representations, warranties and agreements by the Companies that resolve transfer issues and provides indemnities to the City regarding its approval of the Merger;

WHEREAS, AT&T Corp. is willing to sign a Release in the form shown in Attachment 2 to protect the City against actions by it related to the Merger.

NOW THEREFORE BE IT:

RESOLVED, the Merger of AT&T Broadband and Comcast is approved, subject to the terms and conditions of this Resolution, the Agreement (and its Exhibits) attached as Attachment 1 and the Release attached as Attachment 2 so long as the conditions in the following paragraph are satisfied. To the extent Grantee has requested the City's consent to transactions other than the Merger described above, whether or ot the same may be contemplated by the Application or any agreement related to the Merger, the consent is denied without prejudice.

RESOLVED, the Merger is hereby denied as of July 24, 2002 unless the following conditions are satisfied:

A. The Companies must sign the Agreement (including the Exhibits thereto) attached as Attachment 1 in substantially the form attached to this Resolution no later than August 15 , 2002, and the same must be fully enforceable, valid, and binding.

B. The change of control must be completed by March 31, 2003.

C. AT&T Corp. must sign a Release in substantially the form attached as Attachment 2 by August 15, 2002.

D. In accordance with the Agreement, the change of control must proceed on materially the same terms and conditions as were represented to the City in writing prior to July 24, 2002, and without any undisclosed or new action or condition that would result in any burden on Grantee that would in any material respect adversely affect its ability to comply with any provision of the Franchise Documents, or that would require a modification of the Franchise Documents.

RESOLVED, the Mayor and Director of Technology and Management Services are hereby authorized to ecute the aforementioned Agreement (including Exhibits) and that staff be and hereby is directed to draft

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the appropriate Ordinance and Franchise amendments for submission for Council consideration.

	Yeas	Nays	Absent
Benanav	✓		
Blakey	✓		
Bostrom	✓		
Coleman			✓
Harris	✓		
Lantry	✓		
Reiter	✓		
	6	0	1

Adopted by Council: Date July 24, 2002

Adoption Certified by Council Secretary

By: [signature]

Requested by Department of
Office of Financial Services:

By: _____

Approved by Mayor: Date 7-30-02

By: [signature]

Approved by Mayor for Submission to Council

By: _____

Form Approved by City Attorney

By: Lisa K. Veith

AGREEMENT
DATED July 24, 2002

THE CITY OF ST. PAUL, MINNESOTA ("CITY"), MEDIAONE OF ST. PAUL, INC. D/B/A AT&T BROADBAND ("GRANTEE"), MEDIAONE GROUP, INC. ("MEDIA ONE"), AT&T BROADBAND CORP. ("AT&T BROADBAND") AND AT&T COMCAST CORP. ("AT&T COMCAST"), DO HEREBY AGREE AS FOLLOWS:

WHEREAS, Grantee holds a franchise to provide cable service in the City, which was issued on May 27, 1998 and effective July 31, 1998, (the "Franchise"), which Franchise is, as set forth therein, subject to Chapter 430 of the St. Paul Legislative Code ("Ordinance"); and

WHEREAS, AT & T Corp. ("AT&T") is the ultimate parent of Grantee; and

WHEREAS, AT&T and Comcast Corporation ("Comcast") have agreed to a merger pursuant to an Agreement and Plan of Merger dated December 19, 2001; and

WHEREAS, AT & T Broadband, a newly formed, wholly-owned subsidiary of AT&T Corp., will obtain control of all of the cable systems owned or controlled by AT&T Corp, and will then merge with Comcast , with AT&T Comcast Corporation ("AT&T Comcast") as the surviving ultimate parent corporation (the "Merger"); and, as a result of the Merger, AT&T Broadband with its subsidiaries, will become a wholly-owned subsidiary of AT&T Comcast; and

WHEREAS, Grantee, directly or by its predecessors, is party to certain other agreements which bear on its operations in City, including a Transfer Agreement, dated April 15, 1998, ("1998 Transfer Agreement") by and between the City, Continental Cablevision of St. Paul, Inc., MediaOne of Delaware, Inc., and US West, Inc.; the Corrective Plan Agreement and Corrective Plan, dated December 22, 1997 as amended by the Franchise Documents; and a Transfer Agreement, dated January 12, 2000 ("January 12, 2000 Transfer Agreement") by and between the City, Grantee, MediaOne of Delaware, Inc., MediaOne Group, Inc., Meteor Acquisition, Inc., and AT&T Corp. ("AT&T") (collectively the Ordinance, the Franchise, and all documents incorporated, attached to or referenced therein, and including the 1998 Transfer Agreement, the Corrective Plan Agreement and Corrective Plan, and the January 12, 2000 Transfer Agreement are referred to as the "Franchise Documents"); and

WHEREAS, Meteor Acquisition, Inc., agreed to be the guarantor of Grantee's obligations and has changed its legal name to MediaOne and MediaOne is now the guarantor under the Franchise Documents, and otherwise remains subject to all the conditions to which Meteor Acquisition agreed under the Franchise Documents.; and

WHEREAS, on or about March 6, 2002, AT&T, AT&T Comcast and the Grantee requested that the City approve the application for change of control of the Franchise from AT&T to AT&T Comcast (the "Application") by submitting an FCC Form 394 to the City; and

WHEREAS, in the draft Consent Resolution attached to the Form 394, the City's consent is sought not only for the Merger, but also for potentially numerous other internal ownership transfers as well as the corporate structure of the Grantee, described in said documents as the "Transactions"; and

WHEREAS, Grantee, Media One, AT&T Broadband and AT&T Comcast (collectively, the "Companies") have agreed to certain conditions to ensure that approval of the Merger does not have any adverse effects on the City or subscribers;

WHEREAS, the City has determined that, under the circumstances of this case, the Merger should be approved if, but only if the Companies make enforceable representations and warranties and agree to the conditions set forth herein.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE MUTUAL CONSENTS SET FORTH HEREIN, THE PARTIES AGREE AS FOLLOWS:

SECTION ONE. REAFFIRMANCE OF FRANCHISE OBLIGATIONS.

1.1 The Grantee hereby agrees, and Companies acknowledge, that neither the Merger nor the City's consent shall diminish or affect the Grantee's existing and continuing commitments, duties, and obligations, present, continuing, and future embodied in the Franchise Documents, all of which are hereby reaffirmed. MediaOne will continue to be the guarantor of Grantee's obligations under the Franchise Documents, and further agrees that (a) neither the terms of this Agreement, or the modification of the Franchise Documents as contemplated by this Agreement will affect the guarantee; and (b) Media One shall extend the guarantee in writing to reach Grantee's obligations under this Agreement. References in this document to this "Agreement" include any Exhibits hereto.

1.2 Each of the Grantee and MediaOne agrees that as between itself and the City neither the Merger nor the City's approval of the Merger shall in any respect relieve it of its respective responsibilities for past acts or omissions, known or unknown except as set forth herein; and each of the Companies hereby reaffirms that it shall be liable for, and accepts the consequences of, its respective acts and omissions, known and unknown, including liability for any and all of its previously accrued but unfulfilled obligations to the City under the

Franchise Documents and applicable law, for all purposes, including for purposes of the guarantee. Neither Grantee or Companies may take any position or exercise any right that could not have been taken or exercised prior to the Merger. To the extent that rights were previously waived, the waivers are specifically reaffirmed.

1.3 Each of the Companies agrees that it will not take any action that prevents Grantee from complying with its obligations under the Franchise Documents or this Agreement. Without limiting the foregoing Companies represent and warrant that, collectively, though not necessarily individually, they have and will have the complete and actual working control over the system and any company in the chain of ownership between Grantee and AT&T (prior to the Merger) and Grantee and AT&T Comcast Corporation (after the Merger). Companies will exercise that control so that no other company in the chain of ownership takes any action that, if taken by one of the Companies, would violate this Agreement.

SECTION TWO. CONSENT TO THE MERGER

2.1 The Companies each acknowledge and agree that: any consent to the Merger by the City is made in reliance upon the representations, documents, and information provided by them in connection with the request for consent to the Merger, including but not limited to, the affirmation that there are no non-compete agreements that would apply to the actions or inactions within the City of any of the parties to the Merger, AT&T Comcast, or any AT&T affiliate; each of the Companies is liable for any representations and warranties it makes (including any it makes jointly).

2.2 Any approval by the City will be construed narrowly. The City reserves all rights not expressly granted in the Agreement.

2.3 The City is only approving the Merger; the City is not agreeing to approve any other or future transfer, whether contemplated in connection with the Merger or not, and any agreement or option that would permit a transfer for which the approval of the City is required to occur without the approval of the City is disallowed, including but not limited to the following:

2.3.1 Any future transfer of the Franchise and/or the System, any change in ownership and/or control of the Grantee and/or the System;

2.3.2 Any transaction contemplated by that certain "Separation and Distribution Agreement dated December 19, 2001 by and between AT&T and AT&T Broadband Corp." to the extent that it would result in any entity other than Grantee owning the cable system in whole or in

part, or to the extent that it would result in any sale or lease or other disposition of any portion of the system (including through an irrevocable right of use or other instrument) to any person other than the Grantee;

2.3.3 The transactions described in that portion of the model resolution submitted by the Companies to the City, which states that prior to the Merger there may be "internal corporate restructuring, [during which] the cable franchise or stock of the Franchisee, or indirect ownership, may be transferred through one or more internal transfers or mergers to another direct or indirect subsidiary of AT&T, or Franchisee may elect as permitted by law to convert or reorganize its legal form to a limited liability company."

2.4 The approval of the Merger does not authorize the Companies, or any of their affiliates, to use the cable system to provide non-cable services, to lease capacity to provide non-cable services, or to install facilities designed or intended to provide non-cable services without obtaining any necessary authorizations therefor from the City or paying a gross revenues based fee in connection with the provision of those services. The Companies represent and warrant that their ability to comply with any of their respective obligations under the Franchise Documents and this Agreement is not based on the assumption that the Companies will be permitted to provide services other than those authorized by the Franchise Documents. This provision neither expands nor limits the rights or regulatory authority of the City, if any, or the rights of Grantee, if any, with respect to non-cable services.

2.5 The City, by its consent to the Merger, is not approving or endorsing the terms of any document related to the Merger and agreements associated with the Merger, other than those executed by the City. Without limiting the foregoing, to the extent there is a conflict between (1) the terms and conditions of this Agreement and the Franchise Documents; and (2) any contract (other than a contract with the City) related to the Merger and agreements associated with the Merger, or any contract that may affect St. Paul as a result of the Merger and agreements associated with the Merger, the Companies agree that, as to St. Paul, the terms of the latter shall be expressly subordinate to the terms and conditions of the former.

2.6 By its consent to the Merger and execution of this Agreement, except as specifically provided herein, the City waives none of its rights or prospective rights with respect to Grantee's compliance with the terms, conditions, requirements, and obligations set forth in the Franchise Documents or Grantee's obligations with respect to the same.

2.7 In the event the Merger does not close by March 31, 2003, or closes on terms that are in any material respect different from the terms disclosed to the City in writing prior

to the date of this Agreement, then the City's approval of the Merger shall be void, and the Merger approval request deemed timely denied.

SECTION THREE. REPRESENTATIONS AND WARRANTIES.

In addition to the representations and warranties set forth elsewhere in this Agreement:

3.1 The Merger, and any agreements associated with the Merger will not substantially increase the financial burdens upon or substantially diminish the financial resources available to the Grantee, adversely affect Grantee's ability to meet its financial obligations with regard to the system, or adversely affect its financial qualifications to maintain and operate its system in the City in full compliance with the Franchise Documents.

3.2 Companies shall not contend that the City is barred, by reason of its consent to the Merger, from considering or raising any claim based on the Grantee's past or present failure to comply with any term or condition of the Franchise Documents or any other agreements between the Grantee and the City or any of its departments or applicable law, including, without limitation: any unpaid franchise fees, any unresolved consumer complaints, and any construction, security or facility requirements of the Franchise Documents that are unsatisfied. Grantee hereby waives any rights it may have under Section 626 of the Cable Act, as amended to the extent required to implement this Section and Section 1.2 with respect to the City's rights to consider past performance issues.

3.3. The Companies represent and warrant that neither the Merger or associated agreements nor this Agreement will cause any increase in subscriber rates. Nothing shall prohibit rate increases made in the ordinary course of business in compliance with local, state and federal law that are not caused by the Merger or associated agreements.

3.4 The Companies represent and warrant that the Grantee will not be an obligor for any debt that may be incurred to meet cash funding requirements of the Agreement and Plan of Merger and that no assets of the System will be encumbered as a result thereof.

3.5 The Companies represent and warrant that the Merger will not in any respect reduce the overall quality of customer service in the City. This provision does not alter the current obligations under the Franchise Documents.

3.6 The Companies represent and warrant that the Merger will not reduce the overall quality of existing system maintenance or repair. This provision does not alter the current obligations under the Franchise Documents.

3.7 The Companies further represent and warrant that no further changes to the

Franchise Documents are required under current conditions, or will be required as a result of the Merger; *provided that,* Grantee does not give up any right it may have to seek modification if there is a material change in current conditions.

3.8 Grantee represents and warrants that it owns, in its own name, substantially all of the cables, equipment, and other physical facilities that constitute the system, and that no facilities that were owned by Grantee prior to the Merger will be owned by any other entity after the Merger. The Companies represent and warrant that none of them has granted or will grant any other entity any right to use the system or any portion of the system, or any rights under the franchise whether by means of a lease, irrevocable right of use, or any other type of grant or conveyance, in any form without obtaining the consents or authorizations, if any, required by the Franchise Documents or by state, federal or local law; but nothing herein prevents the Grantee from challenging the provisions of any such state, federal or local law.

3.9 Each of the Companies each hereby represent and warrant that: (a) the execution and delivery of this Agreement does not contravene, result in a breach of, or constitute a default under, any contract or agreement to which it is a party or by which it or any of its properties may be bound (nor would such execution and delivery constitute such a default with the passage of time or the giving of notice or both), and does not violate or contravene any law, order, decree, rule, regulation or restriction to which it is subject; (b) it is duly organized, legally existing and in good standing under the laws of the states of its respective organization; (c) the terms of this Agreement which apply to it constitute legal, valid and binding obligations of it, enforceable in accordance with such terms; and (d) the execution and delivery of, and performance by such company under, this Agreement is within its respective power and authority without the joinder or consent of any other party and have been duly authorized by all requisite action and are not in contravention of its respective charters, bylaws, or other organizational documents, or of any indenture, agreement or undertaking to which it is a party or by which its is bound.

SECTION FOUR. OTHER CONDITIONS

4.1. MediaOne must provide a copy of any necessary amendments to the guarantee, in a form acceptable to the City Attorney.

4.2 Grantee shall pay the City up to $ 25,000 in conjunction with City's review of the Application to cover the costs of the City in connection with that review, which payment shall be deemed to satisfy any obligations under Section 113 of the Franchise or any other payment obligations any other of the Companies might have in connection with the review of the Application; and in return for the release in Section 5.1. The payment shall be due within thirty (30) business days after the City submits an invoice to Grantee.

4.3 The Companies agree that any costs associated with complying with this Agreement, or any amendments to the Franchise Documents that result from this Agreement other than the cost reimbursement specified in Section 4.2, are not external costs for purposes of rates to St. Paul subscribers and shall not result in rate increases or pass-through to subscribers. The Companies further stipulate that for purposes of any rate proceeding, the Merger does not result in a cognizable increase in good will, intangibles or tangible assets of the cable system serving St. Paul, above the level that could have been reflected in rates prior to the Merger.

4.4 Prior to the Closing of the Merger all payments required under this Agreement, and all guarantees required must have been delivered and accepted by the City, except as otherwise set forth in this Agreement. Prior to the Closing of the Merger, all required insurance, bonds and letters of credit must have been obtained and proof of the same must be provided to the City, to the extent that the Merger may change or affect the same held by or for Grantee as of the date of this Agreement.

4.5 Section 204(c) provides that " Company shall ensure that at least seventeen (17) percent of its work force is located within the City of St. Paul." For purposes of that provision, hereafter Company will be Grantee; any affiliate of Grantee holding a cable franchise as of July 24, 2002 in the seven-county Twin Cities Metropolitan Area and St. Croix and Pierce Counties in Western Wisconsin or their respective successors and assigns; and the portion of the work force of any affiliate of Grantee performing work for, or on behalf of the foregoing franchisees. The work force of any entity other than Grantee is the work force located in the seven-county Twin Cities Metropolitan Area and St. Croix and Pierce Counties in Western Wisconsin.

4.6 The Grantee agrees to accept Franchise and Ordinance amendments adopted by the City that are necessary to effectuate the Resolution referenced in Section Nine or this Agreement.

4.7 If MediaOne has different assets or greater liabilities as a result of the Merger or any transaction contemplated in connection therewith, than it had as of June 30, 2002, Grantee and MediaOne will notify the City and upon request Companies must provide a substitute guarantor or additional guarantees with entities and in a form acceptable to the City in order to provide a guarantor at least equivalent to MediaOne as of June 30, 2002. If, even though not the result of the Merger or any transaction contemplated therein, the number of subscribers served under franchises held by companies directly or indirectly owned and controlled by MediaOne falls below 3 million, Grantee and MediaOne will notify the City, and upon request Companies must provide a substitute guarantor or additional guarantees with entities and in a form acceptable to the City in order to provide a guarantor at least equivalent to MediaOne as of June 30, 2002. Any additional or substitute guarantee provided hereunder must assure that guarantor would be liable for all acts and omissions which are

subject to the guarantee, past and future, known and unknown, as though it were the original guarantor.

SECTION FIVE. PAST COMPLIANCE ISSUES.

5.1 Companies acknowledge and Grantee reaffirms the provisions of the Franchise Documents with respect to the production of documents and provision of information. The parties shall not claim that the processes followed by them in connection with this change of control with respect to information requests, document requests and production limit the rights of either party in any future change of control proceeding. The parties further agree that this proceeding may not be used to support a claim or defense that requests made in a future proceeding are unlawful or unreasonable, or to justify a refusal to respond or to produce documents unconditionally. The City releases the Companies for any claim under 210(a)(2) for liquidated damages for failure to produce documents or respond to requests in the course of the City's review of the Application.

5.2. All records, including financial records, to which the City had a right of access prior to the Merger will continue to be available after the Merger, without additional cost or expense.

5.3 There is a dispute as to whether Grantee has complied with its obligation under that portion of paragraph 1 of Exhibit A to its Franchise which provides that "[a]s part of the upgrade, company will inspect the cable system and ensure that all portions are brought into compliance with the current version of applicable safety codes" as that paragraph applies to customer drops. To settle that dispute, the parties agree as follows. It is understood that, for purposes of Section 5.3, no drops are protected by any grandfathering that might otherwise apply.

5.3.1. Within 30 days after this agreement becomes effective, the City and Grantee will meet to discuss the procedures and schedule for reviewing drops for compliance with the current version of applicable safety codes. The procedures and schedule to be followed are a matter of the City's discretion. Grantee will then provide the City, under the City's supervision and at a time stated by the City, a random sampling of subscriber drops large enough to enable the City to inspect 100 subscriber drops while bypassing premises to which access is not available. The City then will inspect a random sample of 100 subscriber drops to determine whether the drops comply with the current version of applicable safety codes. Grantee will accompany the City's representative to each drop site.

5.3.2 If the City finds that 90% of the drops audited are in compliance with the current version of applicable safety codes, then the company will be deemed to be in compliance with the portion of paragraph 1 of Exhibit A quoted above as applied to drops. If the City finds that less than 90% are in compliance, then Grantee must develop and

implement a plan for (a) inspecting all drops in the City separate and apart from ordinary service calls; (b) bringing all drops into compliance with the current version of applicable safety codes no later than December 31, 2003. A copy of the plan must be submitted to the City no later than 30 days after the City provides Grantee notice of the results of the inspections described in 5.3.1. The plan must include a timeline with verifiable interim deadlines so that the City can ensure that inspection is proceeding in an orderly fashion, and will be completed on schedule; and a quality control plan. Grantee will submit quarterly reports on the progress of work under the plan, including enough detail and supporting documentation so that the City can determine whether the interim deadlines are being met, and whether the plan is being reasonably implemented. The City may find the company in material breach of its obligations under the franchise if the Grantee fails to substantially meet its interim deadlines; if Grantee does not implement the plan in a manner reasonably designed to result in bringing all drops into compliance with the current version of applicable safety codes; fails to satisfy its reporting requirements; or if it fails to complete work under the plan by the December 31, 2003 deadline. The Grantee and the City may meet to discuss the plan and any issues associated with its implementation prior to the plan's submission.

5.3.3 Upon completion of the above-referenced plan, Grantee will then provide the City, under the City's supervision and at a time stated by the City, a random sampling of subscriber drops large enough to enable the City to inspect 100 subscriber drops while bypassing premises to which access is not available. The City will again conduct a random inspection of 100 drops to determine whether the drops are in compliance with the current version of safety codes. Grantee will accompany the City's representative to each drop site. If 90% of the drops audited are in compliance with the current version of applicable safety codes, Grantee will be deemed to be in compliance with its obligation under the portion of paragraph 1, Exhibit A quoted above, as it applies to drops. If the 90% standard is not satisfied, the Franchisee will be deemed to be in material breach of its franchise obligations.

5.3.4 As part of the resolution of this drop issue, Grantee will reimburse the City's reasonable out-of-pocket expenses associated with up to five (5) business days of work by the consultant of the City's choice for the initial inspection. "Out-of-pocket" expenses include, by way of example and not limitation travel, fees and other expenses charged by the consultant. If the inspection requires more than 5 business days of work, then the remaining expenses of said inspection will be shared equally by Grantee and the City. The City will provide the Grantee with a detailed invoice documenting the amount of the expenses, and the Grantee will have thirty (30) days to pay the invoice. If a second inspection is required, the Grantee will pay all of the City's reasonable out-of-pocket expenses associated with the second inspection. The City will provide the Grantee with a detailed invoice documenting the amount of the expenses, and, to the extent that such expenses are fees and expenses of a consultant, such expenses shall be no higher than allowed under the consultant's professional services agreement with the City. The Grantee will have thirty (30) days to pay the invoice. If an invoice submitted by the City under this Section is contested, the invoice will be paid, but

the Grantee may bring an action to recoup the unreasonable portion of the expenses it claims were charged.

5.3.5 Nothing in this paragraph is intended to relieve Grantee of its obligations to maintain its system in compliance with applicable safety codes. Without limiting the foregoing sentence, if Grantee receives a request from a subscriber to replace a drop that does not comply with the current version of applicable safety codes, that drop must be promptly replaced, notwithstanding the provisions of paragraphs 5.3.1 - 5.3.4.

5.3.6 Without limiting the foregoing, Grantee must have a program for inspecting drops on an ongoing basis as part of ordinary service calls.

SECTION SIX. EFFECT OF FAILURE TO COMPLY WITH THE AGREEMENT.

6.1. If any of the Companies fails to comply with any requirement of such party that must be completed before the closing date of the Merger, then the City's consent shall be deemed of no effect and the request for approval of the Merger shall be deemed timely denied. Further, without limiting the foregoing, in the event a claim or defense is raised at any time that would affect the enforceability of a material term of this Agreement, the City may rescind its approval and deny the approval request, in which case the request for approval shall be deemed timely denied.

6.2. In addition to the City obtaining such damages or equitable relief as may be appropriate, in the event of a breach of this Agreement, or if any representation or warranty is false, misleading or incomplete, the City may apply the remedies under the Franchise. Without limiting the foregoing, if any of the Companies fails to comply with any material requirement of such party under this Agreement that applies after the closing date of the Merger or if any representation or warranty by a Company is false, misleading or incomplete in any material respect, the Grantee shall be deemed to have substantially and materially violated the Franchise, and the Franchise may be revoked. The provisions of the Franchise shall govern any revocation proceeding. However, no opportunity to cure needs to be given prior to revocation if a warranty or representation is false, misleading or incomplete in any material respect.

SECTION SEVEN. INDEMNITY. Each of the Companies agrees to indemnify and hold the City harmless against any loss, claim, damage, liability or expense (including, without limitation, reasonable attorneys' fees) incurred as a result of any representation or warranty made by such party to the City in connection with the Application or this Agreement which is untrue, inaccurate or incomplete.

SECTION EIGHT. MISCELLANEOUS.

8.1. Waiver of Claims. The Companies hereby waive any and all claims that they may have that any denial of the Merger that results from any failure to comply with this Agreement fails to satisfy the deadlines established by applicable law including, without limitation, claims based on, arising out of, or relating to section 617(e) of the Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992), as amended, and agree that they shall be deemed to have agreed to an extension of the time to act on the Application as required to make any denial effective.

8.2 Acceptance of Agreement. By signing this Agreement, (i) each of the Companies accept, and agree to comply with, each provision hereof that applies to it; (ii) the Companies acknowledge and accept the City's right to consent to the Merger, and to enter into this Agreement; (iii) each of the Companies agrees that it will not, directly or indirectly, oppose intervention by the City in any proceeding regarding the System except where intervention is prohibited by law; and (iv) each of the Companies agrees that the Resolution approving the Merger was granted pursuant to processes and procedures consistent with applicable law, and that it will not raise, and hereby expressly waives, all claims to the contrary.

8.3. Representations and Warranties Material. Any representations and warranties made in this Agreement are material. It is a material breach of this Agreement if any representation or warranty proves to be untrue, inaccurate or incomplete in any material respect.

8.4. Obligations not franchise fees. Each of the Companies agree that none of the costs it must incur, or payments that it must make under this Agreement constitute franchise fees, and instead fall within one or more of the exceptions set out in 47 U.S.C. § 542(g), and each of the Companies further agrees it will not raise any claim or defense to the contrary, in any forum. Without limiting the materiality of any other provision, it is agreed that the City would not have approved the Merger without this provision.

SECTION NINE. BINDING AGREEMENT. This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executor, receivers, trustees, successors and assigns; the representations and warranties contained herein survive the effective date hereof unless otherwise terminated or superseded by agreement of the parties. Notwithstanding the foregoing, the parties recognize that the Merger requires the approval of the City Council, in accordance with the City code. Such approval is a condition precedent to the effectiveness of this Agreement. The execution of the Agreement in no way binds the City Council to approve the Merger. This Agreement will become void if the City does not adopt an approval of the Merger in substantially the form submitted to the City Council on July 24, 2002.

SECTION TEN. GOVERNING LAW. This Agreement shall be governed in all respects by the law of the State of Minnesota.

SECTION ELEVEN. TIME OF THE ESSENCE. In determining whether a party has complied with this Agreement, the parties agree that time is of the essence, except where the Agreement provides otherwise.

SECTION TWELVE. COUNTERPARTS. This document may be executed in multiple counterparts, and by the parties hereto on separate counterparts, and each counterpart, when executed and delivered, shall constitute an original agreement enforceable against all who signed it without production of, or accounting for, any other counterpart, and all separate counterparts shall constitute the same agreement.

SECTION THIRTEEN. CAPTIONS. The captions and headings of this Agreement are for convenience and reference purposes only, and shall not affect in any way the meaning and interpretation of any provisions of this Agreement.

SECTION FOURTEEN. TERMS. The terms used in this Agreement (except where expressly provided otherwise) are defined and shall be interpreted as provided in Section 101 of Grantee's Franchise.

AT&T Comcast Corporation	Date
MediaOne of St. Paul, Inc.	8/8/02 Date
AT&T Broadband Corp.	Date
MediaOne Group, Inc. Senior Vice President	August 6, 2002
Director, Technology and Management Services City of Saint Paul	Date

SECTION FOURTEEN. TERMS. The terms used in this Agreement (except where expressly provided otherwise) are defined and shall be interpreted as provided in Section 101 of Grantee's Franchise.

	8/14/02
AT&T Comcast Corp.	Date
MediaOne of St. Paul, Inc.	Date
AT&T Broadband Corp.	Date
MediaOne Group, Inc.	Date
	8/21/02
Director, Technology and Management Services City of Saint Paul	Date
	9-3-02
Mayor, City of St. Paul	Date

APPROVED AS TO FORM

Lisa K. Veith
Assistant City Attorney

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AT&T Comcast Corporation — Date

MediaOne of St. Paul, Inc. — Date

AT&T Broadband Corp. — Date August 6, 2002

MediaOne Group, Inc.
Senior Vice President — Date August 6, 2002

Director, Technology and Management Services
City of Saint Paul — Date

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_____	8/14/02
AT&T Comcast Corp.	Date
_____	_____
MediaOne of St. Paul, Inc.	Date
_____	_____
AT&T Broadband Corp.	Date
_____	_____
MediaOne Group, Inc.	Date
_____	_____
Director, Technology and Management Services City of Saint Paul	Date
_____	_____
Mayor, City of St. Paul	Date

APPROVED AS TO FORM

_____

Assistant City Attorney

Mayor, City of St. Paul

Date

APPROVED AS TO FORM

Assistant City Attorney

RELEASE

AT&T Corp. hereby releases any and all claims it may have against the City of St. Paul, Minnesota in connection with the Application it filed dated March 6, 2002 (including by way of example and not limitation any claim that the City failed to make a final decision within the time limits established by 47 U.S.C. § 537), and acknowledges that MediaOne Of St. Paul, Inc. D/B/A AT&T Broadband, MediaOne Group, Inc., AT&T Broadband Corp., and AT&T Comcast Corporation (collectively the "Companies") are authorized to enter into the Agreement dated July 24, 2002 between the Companies and the City, and agrees that it will not raise any claim to the contrary.

Dated: August 6, 2002

AT&T CORP.

Rick D. Bailey
Vice President, Law

David G. Seykora

Vice President - Law & Public Policy

Telephone: 651-493-5280
Facsimile: 651-493-5288

July 24, 2002

Holly Hansen
Cable Communications Officer
City Of St. Paul
68 City Hall
15 West Kellogg Boulevard
St. Paul, MN 55102

Dear Ms. Hansen:

There have been various items of discussion between MediaOne of St. Paul, Inc. d/b/a AT&T Broadband and the City over the past several months, including inquiries by the City regarding AT&T Broadband's ability to assist the City in its communications with St. Paul residents, AT&T Broadband's obligations regarding telephone response time, and AT&T Broadband's interconnection capabilities.

We acknowledge that the City and AT&T Broadband have a disagreement as to whether certain of the telephone response performance levels set forth in Section Two of the January 12, 2000 Agreement between the City and AT&T Broadband were met for the Second, Third and Fourth Quarters 2001, and whether as a consequence, AT&T Broadband owes the City liquidated damages under the January 12, 2000 Agreement. Both AT&T Broadband and the City, however, have a desire to resolve those disagreements, but to do so in a manner which reserves each Party's positions regarding the application and the interpretation of Section Two of the January 12, 2000 Agreement.

In light of the above, the City and AT&T Broadband agree to resolve any and all issues or disagreements related to compliance with the telephone response performance levels set forth in Section Two of the January 12, 2000 Agreement for the period commencing January 12, 2000 and running up through December 31, 2001 and that the City will not impose any liquidated damages related thereto. The parties further agree as follows: (i) AT&T Broadband will provide the City with 30 second spot advertising "avails" on cable satellite network channels at a "media buy" run value of $40,000, to be used before December 31, 2003 based on a schedule which meets the City's needs; and (ii) in conjunction with the 30 second spot avails, AT&T Broadband will provide the City with production assistance and development of the spots up to a value of $10,000 based on standard AT&T Broadband production rates to be used

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before December 31, 2003. AT&T Broadband agrees that the rates that will apply in calendar year 2002 will be no higher than the rates shown on the rate card attached as Exhibit A, and the rates that will apply in calendar year 2003 will be the standard rate card prices in effect on December 31, 2002. In addition to the foregoing, AT&T Broadband agrees that in addition to continuing to satisfy its franchise obligations with respect to interconnection with neighboring CATV systems, it will provide and maintain two dedicated dark fiber strands for the exclusive use of the City or entities authorized to use the Institutional Network by the City between the Sims Hub and the Roseville Master Headend. The dark fiber will be provided by August 15, 2002. The dark fiber will connect to a standard termination block to a patch panel using industry standard connectors. AT&T Broadband is responsible for maintaining the two dark fibers and any of its equipment associated with the dark fibers up to the termination blocks and patch panels in a manner consistent with mission-critical applications. The City is responsible for providing and maintaining any end user or interface devices, wires, cables or other equipment needed for activation of the dark fibers for transmission or reception of signals or interconnection with other governmental, educational or institutional links for uses permitted under the institutional network provisions of the Franchise. AT&T Broadband will provide, at no charge to the City, space for and access to, upon request during normal business hours and as rapidly as possible but no longer than 90 minutes of a page to the on-call technician after normal business hours, I-Net equipment at the Sims Hub and Roseville Headend as necessary for the City to activate and to operate/maintain the dark fiber and interconnect it with other governmental, educational or institutional links for uses permitted under the institutional network provisions of the Franchise.

The costs to or payments made by AT&T Broadband in connection with this agreement are in the nature of a settlement. The parties agree that none of the costs to or payments made by AT&T Broadband in connection with this agreement are franchise fees within the meaning of 47 U.S.C. Section 542(g), and further agree that the costs and payments are in addition to any tax, fee or charge owed to the City. Likewise, the parties agree that none of the costs to or payments made by AT&T Broadband in connection with the ad avails, production assistance or the two dark fiber strands referenced in this agreement may properly be independently charged to or recovered from subscribers in any form, including but not limited to as an itemized amount, or as part of an itemized amount on a bill.

By this agreement, it is expressly understood that any and all issues of compliance with the telephone response performance levels set forth in Section Two of the January 12, 2000 Agreement are resolved through December 31, 2001. AT&T Broadband is not acknowledging any failure to comply with the telephone response performance levels set forth therein, and the City is not acknowledging that AT&T Broadband met the performance levels set forth in Section Two of the January 12, 2000 Agreement. Each Party reserves any and all positions with respect to interpretation of Section Two of the January 12, 2000 Agreement in any dispute or proceeding for any other time period.

If this agreement and understanding is acceptable to the City, please have that acceptance memorialized by execution below.

Sincerely,

David G. Seykora

David G. Seykora

AGREED AND ACCEPTED this 15th day of August, 2002 by the City of St. Paul by Holly M Hansen its Cable Officer.

Approved as to Form:

Lisa K. Veith

Assistant City Attorney